

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY TEHRAN PRIORITY

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FOR FUNSETH FROM S/PRS

FOL RPT STATE 194945 TOSEC 200077 ACTION USDEL SECRETARY
06 AUG QUOTE

UNCLAS STATE 194945 TOSEC 200077

FOR FUNSETH FROM S/PRS

E.O. 11652: N/A

TAGS: SOPN (KISSINGER, HENRY A)

SUBJECT: TRAVELLING PRESS REPORTAGE, AUGUST 5 EVENING

NO. 5

WIRES

1. AP (FREED FROM TEHRAN) -- "SECRETARY KISSINGER
ARRIVED TODAY FOR ECONOMIC DISCUSSIONS THAT WILL INCLUDE
A CONTROVERSIAL ARMS-OIL BARTER ARRANGEMENT AND THE
POTENTIAL SALE OF EIGHT AMERICAN NUCLEAR REACTORS.

A TEHRAN NEWSPAPER REPORTED EARLIER IN THE WEEK THE
REACTOR SALE AND OTHER TRADE AGREEMENTS TOTALING \$26
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BILLION WOULD BE SIGNED DURING KISSINGER'S VISIT. A

SENIOR AMERICAN OFFICIAL SAID PROGRESS HAD BEEN MADE ON THE NUCLEAR TRANSACTION, BUT REPORTERS TRAVELING WITH THE SECRETARY WERE CAUTIONED AGAINST ANTICIPATING CONCLUSION OF EITHER THAT OR THE OIL DEAL.

KISSINGER WILL MEET HERE WITH THE AMERICAN AMBASSADORS TO EGYPT AND JORDAN; A SENIOR AMERICAN OFFICIAL IN KISSINGER'S PARTY SAID THE REVIEW WILL FOCUS ON LEBANON

AND THE SALE OF AMERICAN AIR-DEFENSE HAWK MISSILES TO JORDAN. THE OFFICIAL TERMED THE TALKS ROUTINE.

REPORTERS ON THE SECRETARY'S PLANE WERE TOLD NO DEAL IS CLOSE ON THE OIL-ARMS BARTER SINCE THE FORD ADMINISTRATION HAD NOT MADE A BASIC POLICY DECISION.

KISSINGER IS EXPECTED TO TELL THE SHAH THAT PROBLEMS EXIST WITH THE BARTER CONCEPT BECAUSE SOME ADMINISTRATION OFFICIALS ARGUE IT WOULD INCREASE THE AMERICAN DEPENDENCY ON FOREIGN OIL."

2. UPI (FROM TEHRAN) -- "THE SECRETARY FLEW TO TEHRAN FOR TALKS ON A COMPLEX EXCHANGE OF U.S. FIGHTERS FOR CHEAP CRUDE OIL.

HIS TWO DAYS OF TALKS WITH IRANIAN OFFICIALS ALSO WILL SEEK TO RESOLVE A DISPUTE OVER THE TOUGH SAFEGUARDS THE U.S. GOVERNMENT WANTS TO ATTACH TO THE PROPOSED SALE OF EIGHT NUCLEAR POWER REACTORS.

THE ARMS DEAL TO BE DISCUSSED WITH THE SHAH WOULD INVOLVE THE BARTERING OF MILLIONS OF DOLLARS WORTH OF F16 AND F18 FIGHTERS FOR CHEAP CRUDE OIL.

U.S. ARMS SALES TO IRAN -- TOTALING \$10 BILLION SINCE 1973 -- HAVE COME UNDER ATTACK IN A SENATE FOREIGN RELATIONS COMMITTEE REPORT RELEASED MONDAY.

BUT U.S. OFFICIALS MINIMIZED THE POSSIBLE IMPACT OF THE CHARGES, SAYING THE UNITED STATES ALREADY HAD CORRECTED UNCLASSIFIED

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PAST MISMANAGEMENT IN THE ARMS SALES PROGRAM.

IRAN REPORTEDLY WOULD LIKE TO PROVIDE SEVERAL MILLIONS OF BARRELS A DAY OF EXCESS CRUDE TO U.S. COMPANIES IN RETURN FOR 30 F16S AND UP TO 255 OF THE LAND-BASED VERSION OF THE F18. ONE OF THE DIFFICULTIES OF THE PROPOSED DEAL IS THAT CONGRESS, ALREADY UPSET BY THE SIZE OF THE U.S. ARMS SALES TO IRAN, WOULD INSIST ON REVIEWING THE PROPOSALS

AND POSSIBLY ENCUMBER THEM WITH RESTRICTIONS."

3. REUTER (NO BYLINE FROM TEHRAN) -- "U.S. SECRETARY OF STATE KISSINGER FLEW HERE TONIGHT TO DISCUSS AN IRANIAN ATTEMPT TO MAINTAIN ITS RECORD-SETTING ARMS PURCHASES BY BARTERING ITS OIL DIRECTLY FOR AMERICAN GUNS, WARSHIPS AND JETFIGHTERS.

IRAN HAS ALREADY PURCHASED 10 BILLION DOLLARS WORTH OF U.S. WEAPONS, INCLUDING HIGHLY SOPHISTICATED F-14 AND F-15 JETFIGHTERS, IN THE PAST FOUR YEARS, FOLLOWING A CONTROVERSIAL DIRECTIVE FROM PRESIDENT NIXON IN 1972.

BUT ITS OIL REVENUES HAVE FALLEN OFF THIS YEAR AND IT HAS BEGUN DISCUSSING OIL-FOR-ARMS SWAPS WITH TWO MAJOR U.S. ARMS MANUFACTURERS, GENERAL DYNAMICS AND LITTON INDUSTRIES, U.S.OFFICIALS SAID.

THE OFFICIALS, TRAVELLING HERE WITH DR. KISSINGER FOR HIS MEETING TOMORROW WITH THE SHAH, SAID WASHINGTON HAS NOT YET GIVEN ITS BLESSING TO THE PROPOSED BARTER DEALS. THE U.S. GOVERNMENT, THEY SAID, HAD MISGIVINGS ABOUT THE IDEA BUT WOULD NOT BE DIRECTLY INVOLVED.

THE OFFICIALS REPORTED CONCERN WITHIN THE FORD ADMINISTRATION OVER ANY DEAL THAT MIGHT INCREASE U.S. OIL IMPORTS AT A TIME WHEN AMERICA IS STRIVING FOR SELF-SUFFICIENCY IN ENERGY.

IN THE PAST, THE UNITED STATES HAD CRITICIZED INDUSTRIALIZED COUNTRIES THAT ENTERED INTO PRIVATE DEALS WITH OIL PRODUCING NATIONS, SAYING THAT THE WESTERN WORLD SHOULD MAINTAIN A SOLID FRONT.

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DR. KISSINGER ARRIVED IN IRAN FOLLOWING A CONTROVERSY IN WASHINGTON OVER A SENATE REPORT THAT SAID PRESIDENT NIXON HAD ORDERED VIRTUALLY UNRESTRAINED ARMS SALES TO IRAN IN 1972.

SOME 25,000 AMERICAN CIVILIAN ADVISERS ARE CURRENTLY IN IRAN TO HELP THE IMPERIAL ARMED FORCES ASSIMILATE THE EQUIPMENT.

DR. KISSINGER WILL DISCUSS ARMS AND OTHER ISSUES WITH THE SHAH TOMORROW AT NOWSHAHR, ON THE CASPIAN SEA. ON SATURDAY, HE ATTENDS A JOINT U.S.-IRAN ECONOMIC COMMISSION HERE TO DISCUSS PROGRESS ON A FIVE-YEAR PROGRAM TO RAISE NON-OIL TRADE BY 15 BILLION DOLLARS OVER THE NEXT FIVE

YEARS.

U.S. OFFICIALS SAID THEY WOULD BE SURPRISED IF THE TWO COUNTRIES MANAGED TO CONCLUDE A LONG-PROPOSED SALE OF U.S. NUCLEAR REACTORS TO IRAN DURING DR. KISSINGER'S VISIT.

THE DEAL, FOR SIX TO EIGHT REACTORS GENERATING 8,000 MEGAWATTS OF ELECTRICITY, HAS BEEN STALLED BY IRAN'S REFUSAL TO ACCEPT STRICT U.S. SAFEGUARDS AGAINST THE POSSIBLE USE OF THE SPENT FUEL FOR NUCLEAR WEAPONS.

THE OFFICIAL PARS NEWS AGENCY SAID DR. KISSINGER WILL DELIVER A FRIENDLY MESSAGE FROM PRESIDENT FORD TO THE IRANIAN MONARCH.

IT SAID KISSINGER'S VISIT WAS OF SPECIAL SIGNIFICANCE IN VIEW OF THE UNITED NATIONS GENERAL ASSEMBLY SESSION NEXT MONTH.

DR. KISSINGER WAS MET ON ARRIVAL BY THE IRANIAN ECONOMY MINISTER HOUSANG ANSARI."

RADIO/TV

1. NO COVERAGE OF KISSINGER TRIP BY NETWORKS. HABIB

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UNQUOTE KISSINGER

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